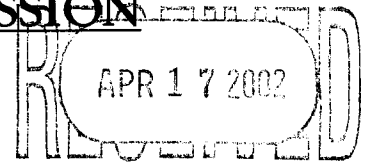


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ARIZONA CORPORATION  
COMMISSION



Director of Utilities

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

C

WS-02672A  
CLOUD NINE WATER COMPANY INC.-SEWER DIVISION  
90 RAINBOW WAY  
SIERRA VISTA AZ 85635-

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2001
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FOR COMMISSION USE

ANN05	01
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1

PROCESSED BY:

4-19-02 CW

SCANNED

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> _____ Cloud Nine Water Company, Inc. (Sewer)		
<b>Mailing Address</b> _____ 90 Rainbow Way		
(Street)		
Sierra Vista	AZ	85635
(City)	(State)	(Zip)
520-458-5854	520-458-4532	N/A
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____ N/A		
<b>Local Office Mailing Address</b> _____ 90 Rainbow Way		
(Street)		
Sierra Vista	AZ	85635
(City)	(State)	(Zip)
520-458-5854	520-458-4532	N/A
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____ N/A		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> _____ Nick Novasic		President	
(Name)		(Title)	
90 Rainbow Way	Sierra Vista	AZ	85635
(Street)	(City)	(State)	(Zip)
520-458-5854	520-458-4532	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>On Site Manager:</b> _____ Nick Novasic			
(Name)			
90 Rainbow Way	Sierra Vista	AZ	85635
(Street)	(City)	(State)	(Zip)
520-458-5854	520-458-4532	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____ N/A			

<b>Statutory Agent:</b> <u>Eugene C. Gieseler</u>			
(Name)			
<u>3040 E. Sunrise Dr., Ste. 200</u>	<u>Tucson</u>	<u>AZ</u>	<u>85718</u>
(Street)	(City)	(State)	(Zip)
<u>520-792-1181</u>	<u>520-792-2859</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b> <u>Eugene C. Gieseler</u>			
(Name)			
<u>3040 E. Sunrise Dr., Ste. 200</u>	<u>Tucson</u>	<u>AZ</u>	<u>85718</u>
(Street)	(City)	(State)	(Zip)
<u>520-792-1181</u>	<u>520-792-2859</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input checked="" type="checkbox"/> Subchapter S Corporation (Z)          |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co op (A)                            |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |   |                                   |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM             | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA           | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA               | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI            | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |   |                                   |

**COMPANY NAME**

Cloud Nine Water Company, Inc. (Sewer)

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force			
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>

This amount goes on the Balance Sheet Acct. No. 108

**COMPANY NAME**

Cloud Nine Water Company, Inc. (Sewer)

**CALCULATION OF DEPRECIATION EXPENSE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force			
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>

This amount goes on Comparative Statement of Income and Expense Acct. 403

COMPANY NAME

Cloud Nine Water Company, Inc. (Sewer)

**BALANCE SHEET**

Acct. No.		BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$	\$
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$	\$
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$	\$
	<b>TOTAL ASSETS</b>	\$ 0	\$ 0

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

<b>COMPANY NAME</b>	Cloud Nine Water Company, Inc. (Sewer)
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**BALANCE SHEET (CONTINUED)**

<b>Acct. No.</b>	<b>LIABILITIES</b>	<b>BALANCE AT BEGINNING OF TEST YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$	\$
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
252	Advances in Aid of Construction	\$	\$
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$	\$
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Other Paid in Capital		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$	\$
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 0	\$ 0

## COMPARATIVE STATEMENT OF INCOME AND EXPENSE

	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>TEST YEAR</b>
521	Flat Rate Revenues	\$	\$
522	Measured Revenues		
536	Other Wastewater Revenues		
	<b>TOTAL REVENUES</b>	\$ 12,704.38	\$ 8,576.29
	<b>OPERATING EXPENSES</b>		
701	Salaries and Wages	\$ 10,764.00	\$ 10,764.00
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power		
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies		
731	Contractual Services – Professional		
735	Contractual Services – Testing		
736	Contractual Services – Other		
740	Rents		
750	Transportation Expense		
755	Insurance Expense		
765	Regulatory Commission Expense		
775	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Taxes		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 10,764.00	\$ 10,764.00
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/EXP</b>	\$ 0	\$ 0
	<b>NET INCOME/(LOSS)</b>	\$ 1,940.38	\$ (2,187.71)



**COMPANY NAME**

Cloud Nine Water Company, Inc. (Sewer)

**SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	N/A			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

<b>COMPANY NAME</b>	Cloud Nine Water Company, Inc. (Sewer)
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## **WASTEWATER COMPANY PLANT DESCRIPTION**

### **TREATMENT FACILITY**

<b>TYPE OF TREATMENT</b> (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	N/A
<b>DESIGN CAPACITY OF PLANT</b> (Gallons Per Day)	N/A

### **LIFT STATION FACILITIES**

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
N/A				

### **FORCE MAINS**

Size	Material	Length (Feet)
4-inch	N/A	
6-inch	N/A	

### **MANHOLES**

Type	Quantity
Standard	N/A
Drop	N/A

### **CLEANOUTS**

Quantity
N/A

**COMPANY NAME**

Cloud Nine Water Company, Inc. (Sewer)

**WASTEWATER COMPANY PLANT DESCRIPTION CONTINUED****COLLECTION MAINS**

<b>Size (in inches)</b>	<b>Material</b>	<b>Length (in feet)</b>
4	N/A	
6	N/A	
8	N/A	
10	N/A	
12	N/A	
15	N/A	
18	N/A	
21	N/A	
24	N/A	
30	N/A	

**SERVICES**

<b>Size (in inches)</b>	<b>Material</b>	<b>Quantity</b>
4	N/A	
6	N/A	
8	N/A	
12	N/A	
15	N/A	

**FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY**

<b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>	N/A
<b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)	N/A
<b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	N/A
<b>STRUCTURES</b> (Buildings, Fences, Etc.)	N/A
<b>OTHER</b> (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	N/A

<b>COMPANY NAME</b>	Cloud Nine Water Company, Inc. (Sewer)
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### **WASTEWATER FLOWS**

<b>MONTH/YEAR (Most Recent 12 Months)</b>	<b>NUMBER OF SERVICES</b>	<b>TOTAL MONTHLY SEWAGE FLOW</b>	<b>SEWAGE FLOW ON PEAK DAY</b>
N/A			

### **PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE**

<b>Method Of Effluent Disposal</b> (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	N/A
<b>Wastewater Inventory Number</b> (all wastewater systems are assigned an inventory number)	N/A
<b>Groundwater Permit Number</b>	N/A
<b>ADEQ Aquifer Protection Permit Number</b>	N/A
<b>ADEQ Reuse Permit Number</b>	N/A
<b>EPA NPDES Permit Number</b>	N/A

## STATISTICAL INFORMATION

Total number of customers	250	
Total number of gallons treated	N/A	gallons

**COMPANY NAME** Cloud Nine Water Company, Inc. (Sewer) **YEAR ENDING 12/31/2001**

**INCOME TAXES**

**For this reporting period, provide the following:**

<b>Federal Taxable Income Reported</b>	<u>N/A</u>
<b>Estimated or Actual Federal Tax Liability</b>	<u>N/A</u>

<b>State Taxable Income Reported</b>	<u>N/A</u>
<b>Estimated or Actual State Tax Liability</b>	<u>N/A</u>

**Amount of Grossed-Up Contributions/Advances:**

<b>Amount of Contributions/Advances</b>	<u>N/A</u>
<b>Amount of Gross-Up Tax Collected</b>	<u>N/A</u>
<b>Total Grossed-Up Contributions/Advances</b>	<u>N/A</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Nick Novasic  
**SIGNATURE**

April 15, 2002  
**DATE**

Nick Novasic  
**PRINTED NAME**

President  
**TITLE**

**COMPANY NAME** Cloud Nine Water Company, Inc. (Sewer) **YEAR ENDING 12/31/2001**

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2001 was: \$ 0

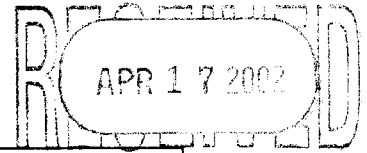
Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

Collect sewer fees and remit to City of Sierra Vista only.

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

ARIZONA CORPORATION  
COMMISSION



**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)  
Cochise

NAME (OWNER OR OFFICIAL) TITLE  
Nick Novasic, President

COMPANY NAME  
Cloud Nine Water Company, Inc.

Director of Utilities

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2001</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 8,576.29

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 0  
IN SALES TAXES BILLED, OR COLLECTED

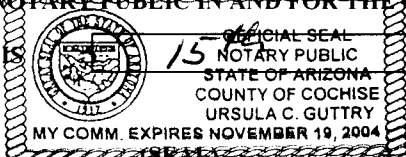
**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Nick Novasic  
SIGNATURE OF OWNER OR OFFICIAL  
520-458-5854  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15 DAY OF



COUNTY NAME  
Cochise  
MONTH April YEAR 2002

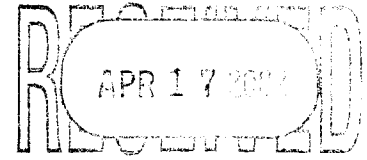
MY COMMISSION EXPIRES Nov. 19, 2004

SIGNATURE OF NOTARY PUBLIC



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION  
COMMISSION



Director of Utilities

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

(COUNTY NAME) Cochise	
NAME (OWNER OR OFFICIAL) Nick Novasic	TITLE President
COMPANY NAME Cloud Nine Water Company, Inc.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:**

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 8,576.29

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 0  
IN SALES TAXES BILLED, OR COLLECTED

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

X Nick Novasic  
SIGNATURE OF OWNER OR OFFICIAL

**SUBSCRIBED AND SWORN TO BEFORE ME**

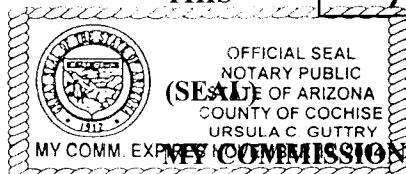
**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

15<sup>th</sup>

**DAY OF**

NOTARY PUBLIC NAME	
COUNTY NAME Cochise	
MONTH April	20 02



X Ursula C. Guttery  
SIGNATURE OF NOTARY PUBLIC